

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	No.
v.)	
)	Judge
JASON EPSTEIN,)	
)	
Defendant.)	

COMPLAINT

The United States, by Zachary T. Fardon, United States Attorney for the Northern District of Illinois, brings this action against the defendant, Jason Epstein, and for its cause of action states:

COUNT I

1. This court has jurisdiction over this matter pursuant to 28 U.S.C. § 1345.
2. The defendant Jason Epstein resides within the jurisdiction of this court.
3. Pursuant to the provisions of Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1071 - 1087ii, Epstein executed a promissory note as more fully set forth in the Certificate of Indebtedness attached as Exhibit A. A copy of the note is attached as Exhibit B.
4. Although demand has been made for payment, there remains due and owing the principal sum of \$3,894.68, plus interest to January 21, 2015, in the sum of \$3,823.87, with interest continuing to accrue on the principal at the rate of \$0.85 per day.

COUNT II

1. Paragraphs 1 through 2 are re-alleged and hereby made Paragraphs 1 through 2 in Count II.

3. Pursuant to the provisions of Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1071 - 1087ii, the defendant executed a promissory note as more fully set forth in the Certificate of Indebtedness attached as Exhibit C. A copy of the note is attached as Exhibit D.

4. Although demand has been made for payment, there remains due and owing the principal sum of \$193,801.47, plus interest to January 21, 2015 in the sum of \$81,046.48, with interest continuing to accrue on the principal at the rate of \$33.83 per day..

WHEREFORE, the United States demands judgment against the defendant Jason Epstein as follows:

a. in the amount of \$7,718.55, which represents principal and interest due through January 21, 2015, on Count I;

b. interest to continue to accrue at the rate of \$0.85 per day from January 21, 2015, until the date the court enters judgment;

c. in the amount of \$274,847.95, which represents principal and interest due through January 21, 2015 on Count II;

d. interest to continue to accrue at the rate of \$33.83 per day from January 21, 2015 until the date the court enters judgment;

e. costs of suit, including but not limited to, a filing fee of \$400.00, as authorized by 28 U.S.C. §§ 2412(a)(2) and 1914(a), and

f. for such other proper relief as this court may deem just.

Respectfully submitted,

ZACHARY T. FARDON
United States Attorney

By: s/ Scott D. Heffron

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U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 2

Jason R Epstein

Chicago, IL

Account No. 7088

I certify that U.S. Department of Education records show that the borrower named above is indebted to the United States in the amount stated below plus additional interest from 01/21/15.

On or about 03/10/99, the borrower executed a promissory note to secure a Federal Family Education Loan Program Consolidation loan from SUNTRUST BANK. This loan was disbursed for \$4,502.88 on 03/30/99, at 8.00 percent interest per annum. The loan obligation was guaranteed by Texas Guaranteed Student Loan Corporation, and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited \$907.48 to the outstanding principal owed on the loan. The borrower defaulted on the obligation on 10/14/01, and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount \$3,894.68 to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the borrower. The guarantor was unable to collect the full amount due, and on 09/02/09, assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of \$0.00 in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the borrower now owes the United States the following:

Principal:	\$3,894.68
Interest:	\$3,823.87
Total debt as of 01/21/15:	\$7,718.55

Interest accrues on the principal shown here at the rate of \$0.85 per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: 04/02/2015

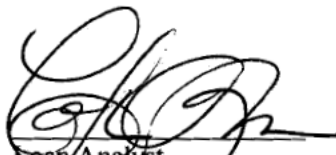

Loan Analyst
Litigation Support

EXHIBIT A

Additional Terms of the Promissory Note for a Consolidation Loan

II. Date Note Becomes Due: The repayment period on this loan begins when the loan is disbursed. The first payment is due within 60 days of the date of disbursement. Except that I may be entitled to deferment of principal until the date of the section titled "Deferment." Payments will be made in monthly installments in accordance with the Repayment Schedule which will be provided to me at the time my former lenders have discharged my obligations on the loans selected for consolidation.

III. Interest: I agree to pay simple interest on the unpaid principal balance from the due date the repayment period begins until the entire principal and accrued interest are paid in full. I shall be responsible for the payment of all the interest that accrues on this loan in accordance with the terms of the repayment schedule. This Federal Consolidation Loan shall bear interest at an annual rate, which is fixed for the term of the loan, on the unpaid principal balance of the loan which is equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent, except that such interest rate shall not be less than one percent (1%). If any of my federal SLS (formerly called student PLUS or USS) loans are to be consolidated they will first be repaid at the current annual rate as determined by the Secretary and authorized by the Act, if that rate is lower than my current fixed rate and then be immediately consolidated into this account. I will not receive any separate documentation evidencing refinanced loans.

IV. Guarantee Fee: I will not be charged a guarantee fee for my consolidated loans.

V. Default: I will be in default, and you have the right to give me notice that the whole outstanding principal balance plus any unpaid interest is now due, and payable at once if I fail to make an installment payment when due or to meet other terms of the Promissory Note under circumstances where the Guarantor finds it reasonable to conclude that the Borrower no longer intends to honor the obligation to repay, provided that this failure persists for 120 days for a loan repayable in monthly installments or 240 days for a loan repayable in less frequent installments. After sending such notice to me, you will have the right without further notice to take the outstanding balance out of my checking and/or savings account I have with you if not prohibited by law. If I default, I will still be required to pay interest on this loan as provided in interest Paragraph III from the date of default. The Lender may declare the entire unpaid amount of the loan, including interest, immediately due and payable. The Lender, Holder, or Guarantor agency may disclose to schools I have attended (or am currently attending) the information about the default, and I will be ineligible to receive assistance from any of the following federal programs: Federal Pell Grant, Bird Scholarship, Supplemental Educational Opportunity Grant, Federal Work Study, State Student Incentive Grant, Federal Perkins loan (formerly called National Defense Direct Student Loan), Federal Stafford loan (formerly called the GS Program), Federal Supplemental Loans for Students (SLS), Federal PLUS loans or Federal consolidation loans. A default also makes me ineligible for the benefits of any school I now qualify for as described under Deferment, Paragraph VIII.

VI. Late Charges and Penalties: If any payment has not reached you within 15 days of the date it is due, or if I fail to provide written evidence that verifies my inability to make the payment deferred as described under Deferment, Paragraph VIII, you may charge me a late fee. The late fee shall be a maximum of 5% of the amount due, which rate charged shall not exceed 10% of the amount due for each delinquent installment. If I fail to pay any of the installments due, you may charge me late charges and other costs including the cost of collection, reasonable outside attorney and court costs that are reasonable and necessary for the collection of this loan, which shall not exceed the amount of the loan. If this loan is referred for collection to the Federal Debt Collection Practices Act, I shall be liable for the extent authorized under such Act.

VII. Additional Agreements: I agree that the principal of this Federal consolidation loan will be assigned to the Lender, and I agree to sign an Application for the purpose of assigning the loan to the Lender. Any notice required to be given to me will be effective when it is mailed first class mail to the last address you have for me. Your failure to comply or in most that I comply with any term of this Note is not a waiver of your rights. No provision of this Note can be waived or modified except in writing. If the Guarantor is required under its guarantee to repay my loans) because I have defaulted, the Guarantor will become the owner of this Note and as my creditor will have all the rights of the original Lender to enforce this Note against me. I understand that I must repay this Note even though I may be under 18 years of age. This Note is not effective until it is accepted by you in this Note the words I, me, and my mean the Borrower identified in the Application. You, your, and yours mean the Lender and any other owner of the Note. If the Borrower becomes totally and permanently disabled, or dies, his/her obligation to repay this loan will be cancelled. I agree to notify you of a change in my name, address, or any applicable school enrollment status within 10 days. I have not made any false written statement with regard to the loan. If any provision of this Note is determined to be unenforceable or is prohibited by law, such provision

shall be considered ineffective without invalidating the remaining provisions of the Note.

If the Lender sells the loan or otherwise transfers the right to receive payment, I must be sent a clear notification which sets out my obligations to the party to whom my loan was sold. I will have the same rights and responsibilities with the subsequent Holder that I have with regard to the Lender. This Note is not intended to be a negotiable instrument under the Uniform Commercial Code as adopted by your state, and a subsequent Holder of the Note cannot be a Holder in due course. The proceeds of this loan are to be used solely to discharge my past existing student loan obligations detailed in the information on my consolidated section of this Application and Promissory Note. The term of this loan will be interpreted in accordance with the Higher Education Act of 1965 as amended and state law and regulations which govern the Federal Loan Consolidation Program.

VIII. Deferment: I am entitled to deferments under the Higher Education Act, as amended, and its regulations. In order to receive a deferment, I must request the deferment and provide you with all of the information required to establish my eligibility. I understand that I must notify you when the condition entitling me to the deferment no longer exists. Payment of principal on my loan may be deferred during the deferment period if I am not in default and I comply with applicable federal loan consolidation regulations published pursuant to Section 128 of title IV, Part B of the Higher Education Act of 1965, as amended, in the following circumstances:

1. While I am engaged in:
 - a. at least half-time study at a school of higher learning during the title IV, Part B Program, unless I am on a leave of absence from the United States and attending a school outside the United States, and if I receive education under the Federal Postsecondary Education Loans Program for the enrollment period; or
 - b. full-time study at a school participating in the title IV, Part B Program, unless I am on a leave of absence from the United States, and attending a school outside the United States, or enrolled in full-time study at an institution of higher education of a vocational school that is operated by an agency of the federal government (e.g., the Service Academies, or post-grad); or
 - c. an eligible graduate fellowship program; or
 - d. an eligible rehabilitation training program for disabled individuals.
2. For periods not exceeding 24 months while I am a non-citizen seeking but unable to find full-time employment in the United States.
3. Up to three years during which I am temporarily totally disabled or during which I am unable to secure employment because I am caring for a spouse or dependent who is temporarily totally disabled.

IX. Forbearance: If I am unable to make the scheduled payments for reasons of hardship, I may be eligible for forbearance of payments of the loan as provided in the Guarantor's regulations and at the discretion of the Lender. I must notify my Lender when the condition entitling me to the forbearance no longer exists.

X. Repayment by Department of Defense: I understand that certain states, military personnel may have their loans repaid by the Secretary of Defense in accordance with Section 902 of the Department of Defense Authorization Act, 1981 (Pub. L. 97-241) now expiring. The program should be addressed to the local recruiter for the service involved. This is a recruitment program and does not entitle a recruit or a reservist to an individual or those not eligible for enlistment in the Armed Forces.

XI. Repayment: I will repay the total amount due on this Promissory Note in periodic installments with interest on the unpaid balance from the due date of this Promissory Note until the loan is paid in full. The whole loan is due as described in this Note. Paragraph V. Prior to the due date of this Promissory Note, you will send to me a Repayment Schedule and a disclosure statement which establishes the particular repayment term that will become part of this Promissory Note. However, if I qualify for a benefit described under "Deferment" in this Promissory Note, or the Lender grants forbearance, those periods will not be included in the repayment period mentioned on the Repayment Schedule and Disclosure Statement.

I understand that my status as an eligible Borrower under this loan Consolidation Program under Section 128 of the Higher Education Act requires receipt of this loan, except with respect to loans received after the receipt of this loan.

XII. Prepayment: I may, at my option and without penalty, prepay all or any part of the principal or accrued interest of this loan at any time. If I do so, I will be entitled to a rebate of any unearned interest that I have paid.

XIII. Credit Bureau Notifications: Information concerning the amount of this loan and its repayments will be reported to one or more credit bureau organizations. If I default on this loan, the Lender, Holder, or Guarantor will also report the default to all national credit bureau organizations. This may significantly and adversely affect my ability to obtain other credit.

NOTICE TO BORROWER: BY YOUR SIGNATURE ON THE OTHER SIDE OF THIS APPLICATION AND PROMISSORY NOTE YOU ARE AGREEING TO THE ABOVE TERMS AND CERTIFICATION.

**U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA**

CERTIFICATE OF INDEBTEDNESS #2 OF 2

Jason R Epstein

Chicago, IL

Account No. 7088

I certify that U.S. Department of Education records show that the borrower named above is indebted to the United States in the amount stated below plus additional interest from 01/21/15.

On or about 06/12/06, the borrower executed a promissory note to secure a Direct Consolidation loan from the U.S. Department of Education. This loan was disbursed for \$75,556.12 & \$95,748.35 on 06/30/06, at 6.375 percent interest per annum. The loan was made by the Department under the William D. Ford Federal Direct Loan Program under Title IV, Part D of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087a et seq. (34 C.F.R. Part 685). The Department demanded payment according to the terms of the note, and the borrower defaulted on the obligation on 09/02/08. Pursuant to 34 C.F.R. § 685.202(b), a total of \$22,497.00 in unpaid interest was capitalized and added to the principal balance.

The Department has credited a total of \$0.00 in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the borrower now owes the United States the following:

Principal:	\$193,801.47
Interest:	\$81,046.48
Total debt as of 01/21/15:	\$274,847.95

Interest accrues on the principal shown here at the rate of \$33.83 per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on:

04/02/2015



Loan Analyst
Litigation Support

EXHIBIT C

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JUN 07 2006

JUN 15 2006

Borrower's Name JASON R. STEIN
 Borrower's Social Security Number 7088

Section E: Repayment Plan Selection

Carefully read the repayment plan information in "Direct Consolidation Loans" that accompanies this application and promissory note to understand your repayment plan options. Then, complete this section to select your repayment plan. Remember—

- All student loans must be repaid under the same repayment plan. Parent PLUS loans may be repaid under a different repayment plan.
- If you select the Income Contingent Repayment Plan, you must complete the "Repayment Plan Selection" and "Income Contingent Repayment Plan Consent to Disclosure of Tax Information" forms that accompany this application and promissory note. Your selection cannot be processed without these forms.
- If you want to consolidate a defaulted student loan(s) and you have not made a satisfactory repayment arrangement with your current holder(s), you must select the Income Contingent Repayment Plan.

31. Place an "X" in the box that corresponds to your repayment plan selection for each loan type. Note that Direct PLUS Consolidation Loans cannot be repaid under the Income Contingent Repayment Plan.

	Income Contingent	Standard	Extended	Graduated
STUDENT LOANS <i>Direct Subsidized and Unsubsidized Consolidation Loans</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PARENT LOANS <i>Direct PLUS Consolidation Loans</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section F: Promissory Note (Continued)

Promise to Pay:

I promise to pay to the U.S. Department of Education (ED) all sums (hereafter "loan" or "loans") disbursed under the terms of this Promissory Note (note) to discharge my prior loan obligations, plus interest, and other fees that may become due as provided in this note. If I fail to make payments on this note when due, I will also pay collection costs including but not limited to attorney's fees and court costs. If ED accepts my application, I understand that ED will on my behalf send funds to the holder(s) of the loan(s) selected for consolidation in order to pay off this loan(s). I further understand that the amount of this loan will equal the sum of the amount(s) that the holder(s) of the loan(s) verified as the payoff balance(s) on that loan(s) selected for consolidation. My signature on this note will serve as my authorization to pay off the balance(s) of the loan(s) selected for consolidation as provided by the holder(s) of such loan(s).

This amount may be more or less than the estimated total balance I have indicated in Section D. Further, I understand that if any collection costs are owed on the loans selected for consolidation, these costs may be added to the principal balance of the consolidation loan.

I understand that this is a Promissory Note. I will not sign this note before reading it, including the text on the reverse side, even if I am

advised not to read the note. I am entitled to an exact copy of this note and a statement of the Borrower's Rights and Responsibilities. My signature certifies that I have read, understand, and agree, to the terms and conditions of this note, including the Borrower Certification and Authorization printed on the reverse side and the accompanying Borrower's Rights and Responsibilities.

If consolidating jointly with my spouse, we agree to the same terms and conditions contained in the Borrower Certification and Authorization. In addition, we confirm that we are legally married to each other and understand and agree that we are and will continue to be held jointly and severally liable for the entire amount of the debt represented by the Federal Direct Consolidation Loan without regard to the amounts of our individual loan obligations that are consolidated and without regard to any change that may occur in our marital status. We understand that this means that one of us may be required to pay the entire amount due if the other is unable or refuses to pay. We understand that the Federal Direct Consolidation Loan we are applying for will be cancelled only if both of us qualify for cancellation. We further understand that we may postpone repayment of the loan only if we provide ED with written requests that confirm Federal Direct Consolidation Loan Program deferment or forbearance eligibility for both of us at the same time.

I UNDERSTAND THAT THIS IS A FEDERAL LOAN THAT I MUST REPAY.

32. Signature of Borrower [Signature] Date 6/12/06
 Signature of Spouse (if consolidating jointly) _____ Date _____